LCC Projects Limited (erstwhile LCC Projects Private Limited)

October 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	374.00 (Enhanced from 350.00)	CARE A; Stable	Reaffirmed
Long-term / Short-term bank facilities	1,672.00 (Reduced from 1,696.00)	CARE A; Stable / CARE A2+	Reaffirmed
Short-term bank facilities	20.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation in ratings assigned to bank facilities of LCC Projects Limited (LCCP, formerly LCC Projects Private Limited) continues to factor in established track record of over two decades in execution of irrigation and water supply projects (WSPs) on engineering, procurement and construction (EPC) basis, low counterparty credit risk, robust order book position and significant business growth in the last few years. LCCP has an inhouse team of design engineers, which aided the company in taking up large projects in the irrigation sector, diversify its revenue and order book.

Ratings also factor in healthy growth in scale of operations with revenue registering a y-o-y growth of ~20% in FY25 (FY refers April 01 to March 31), while maintaining healthy profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin at 12.91% in the year. Capital structure also continues to remain comfortable, where total outside liabilities to tangible net worth (TOL/TNW) stood at 1.99x for as on March 31, 2025 (PY: 2.07x) and is expected to remain satisfactory in the medium term.

CARE Ratings Limited (CareEdge Ratings) notes that LCCP has filed its draft red herring prospectus (DRHP) for raising ₹320 crore through initial public offering (IPO) by issue of fresh equity shares. Proceeds of the fresh issue are aimed largely at debt reduction. On successful funds raising, it is likely to support incremental working capital requirement to complement business growth while maintaining leverage and coverage metrics.

However, rating strengths are tempered by geographical concentration of work orders with large exposure in States of Madhya Pradesh (MP), Gujarat, Jharkhand and Rajasthan, and increased working capital intensity including purchase invoice discounting with extension of gross current asset (GCA) days. GCA days extended from 148 days to 184 days due to increase in debtors and unbilled revenue, driven by substantial year end billing, ongoing trial runs for WSPs and prolonged billing and execution cycle for Jal Jeevan Nigam projects in the last fiscal. However, going forward, it is expected to remain within 200 days.

Ratings also factor in the company's presence in a highly fragmented and competitive tender-driven construction industry and susceptibility of its profitability to fluctuations in input material prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Diversification of order book with sustained growth in its scale of operations while maintaining PBILDT margin.
- Reduction in TOL/TNW to below 2x.

Negative factors

- Decline in scale of operations by over 20% and PBILDT margin below 8% on a sustained basis.
- Increase in Total debt to profit before interest, lease rentals, depreciation, and taxation (TD/PBILDT) above 2.50x
- Elongation of GCA days beyond 200 days on a sustained basis.

Analytical approach: Consolidated

CareEdge Ratings has changed the analytical approach from standalone to consolidated for the assessment of LCCP as company has incorporated a subsidiary 'LCC Engineering Private Limited (LCCE)', which is proposed to undertake engineering works for transmission/power generation projects. There exists business, financial and management linkage with the subsidiary/joint ventures (JVs). List of subsidiaries and JVs consolidated is provided in Annexure-6.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

Stable outlook reflects CareEdge Ratings expectations that LCCP shall be able to sustain its credit risk profile considering strong orderbook with demonstrated execution track record and low counterparty credit risk and maintaining comfortable debt coverage indicators.

Detailed description of key rating drivers:

Key strengths

Healthy orderbook position

As on June 30, 2025, LCCP's orderbook stood at of ₹ 8,185 crore (₹ 7,713 crore as on June 30, 2024), translating into order book/ revenue visibility of ~2.80xx of FY25, consolidated total operating income (TOI), providing a healthy revenue visibility for medium term. LCCP's orderbook spans across multiple states, where MP constitutes 36% of orderbook, followed by proportions of Gujarat, Jharkhand & Rajasthan at 20%, 11% and 10% respectively, among others. The order book largely comprises irrigation infrastructure (63%), drinking water projects (20%), and the balance pertains to other civil works. LCCP has gradually diversified from Jal Jeevan Mission (JJM) and water projects to primarily irrigation projects. Majority workorders are awarded by central government/ state departments and other reputed private players, translating into a low counterparty credit risk for LCCP. Moreover, nascency of orders remained comfortable at 55% of the orderbook progressing in a gradual manner and are expected to gain momentum in the next three months. Progression of projects in a time bound manner remains a key credit monitorable.

Satisfactory financial performance in FY25

LCCP reported consolidated revenues of ₹2,917 crore in FY25, marking a healthy year-on-year growth of 20% over FY24. Growth continued for Q1FY26, where LCCP has reported TOI of ₹ 863 crore (Q1FY25: ₹ 833 crore) on a standalone level, indicating healthy execution of work orders. Revenue contribution from subsidiaries has been modest; which is expected to ramp up with strong order book at a standalone level and is expected to augment the group's scale.

In FY25, LCCP's PBILDT margin also improved by 205 bps to 12.91% in FY25, considering reduction in over heads and ease up in material procurement costs. Majority contracts have in-built price escalation clause, which mitigates risk of input cost price variation. Profit after taxation (PAT) margin improved to 7.67% (PY: 5.00%) in line with the PBILDT margin.

Comfortable financial risk profile

The company's capital structure remains comfortable with TOL/TNW strengthening at 1.99x as on March 31, 2025 (PY:2.07x). While the company's debt levels remained elevated for FY25 due to the increase in working capital finance, however, coverage metrics continued to remain comfortable within the envisaged levels with interest coverage of 4.72x in FY25 and total debt/PBILDT of 2.24x. Elevated debt levels are commensurate by sustained return on capital employed (ROCE) at 33% (PY: 31%), leading to robust cash flow potential. Increase in working capital finance is considering substantial billings done in Q4FY25 and significant water supply projects nearing completion and having their trial run underway leading to increase in debtors. Debtors for projects at conclusion stage are released, once the trial run completes. CareEdge Ratings expects coverage indicators to improve in the current fiscal as the concentration of WSPs in the orderbook has reduced to 21% (PY: 38%), which entail requirement of significant working capital for upfront material procurement.

Experienced promoters with established track record of operations

LCCP has an established track record of executing WSPs involving construction of branch and sub-branch canals, distributaries and minors, pipeline laying for drinking and irrigation water supply among others. LCCP is promoted by Arjanbhai Rabari (promoter and director) and Laljibhai Arjanbhai Ahir (Promoter and Director), having vast experience of over two decades in the construction business. Promoters are supported by an in-house team of experienced professionals.

LCCP has also filed its DRHP for an IPO comprising a ₹320 crore fresh issue and an offer for sale of 2.29 crore shares by its promoters. Proceeds will primarily be used for debt repayment, equipment purchases, and balance will be used for general corporate purposes.

Stable demand outlook for construction industry

The construction industry in India is poised for robust growth, driven by strong government infrastructure spending, rapid urbanization, rising housing demand, and policy support such as 100% FDI in construction. The industry, valued at ~US$778 billion in 2023, is projected to grow at a compound annual growth rate (CAGR) of ~6% and reach over US$1.3 trillion by 2033. Challenges remain in the form of skilled labour shortages, regulatory delays, cost overruns, and financing hurdles. However, increasing adoption of digital technologies, sustainable practices, and modern construction methods offer significant opportunities. Overall, medium-to-long term outlook for the Indian construction sector remains stable.

Key weaknesses

Working capital intensive business

Working capital debt is following an increasing trend on an annual basis to commensurate the scaling-up of operations. A significant portion of the company's creditors comprises micro, small and medium enterprise (MSME) vendors, who are paid through purchase invoice discounting via TReDS, contributing to the rise in overall debt. Increase in debtors and unbilled revenue, driven by substantial year end billing, ongoing trial runs for WSPs and prolonged billing and execution cycle for Jal Jeevan Nigam projects in the last fiscal. These have resulted in increase in the company's GCA days to 184 days in FY25 (PY: 148 days). Fund-based limits bear a modest utilisation of 73%, for 12 months ending June 2025, providing comfortable head room for exigencies.

Profitability susceptible to fluctuations in input prices and competitive industry dynamics

The execution period of contracts awarded to LCCP usually ranges from 12-36 months (except coal extraction project for seven years). Thus, its profitability remains susceptible to fluctuations in prices of inputs such as pipes, steel, cement, and sand among others. LCCP's majority orderbook has in-built price escalation clause, which mitigates risk arising from adverse movement in input prices to a large extent. LCCP is operating in intensely competitive and fragmented construction industry, where projects are awarded basis relevant experience of the bidder, financial capability and most attractive bid price. The competitive intensity is considering presence of large number of contractors, resulting in aggressive bidding, which restricts margins. Due to low counterparty credit risk and a relatively stable payment track record associated with projects funded by central and state government bodies, these projects are lucrative for all contractors, and hence, remained highly competitive.

Liquidity: Adequate

LCCP's liquidity remains adequate marked by healthy cushion available in form of cash accruals against low long-term debt repayment obligations. In FY25, LCCP reported gross cash accruals of ₹247 crore against LT repayment obligations of ₹32 crore in FY26. Average utilisation of sanctioned fund-based and non-fund-based limits remained at 73% and 78% for 12 months ended on June 30, 2025. As on March 31, 2025, unencumbered cash and bank balances stood at ₹ 102.85 crore.

With increased orderbook, LCCP has proposed enhancement of working capital limits. Timely tying of working capital lines remains crucial from credit perspective.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Construction Sector
Consolidation & Combined Approach
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Construction	Construction	Civil construction

LCCP was incorporated in March 2004 by the Ahir family and Rabari family as a partnership firm named M/s Laxmi Construction Co.. The firm was converted into a private limited company in December 2017 and subsequently transformed into a public limited company in December 2024. LCCP is mainly engaged in construction of water sector infra consisting of branch and sub-branch canals, distributaries, minors, dams, laying underground pipelines and drainage schemes including pipe culverts among others on EPC basis.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	2,437.54	2,916.87
PBILDT	264.61	376.49
PAT	122.00	223.62
Overall gearing (times)	1.30	1.41
Interest coverage (times)	5.31	4.72

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	NA	-	-	-	15.00	CARE A; Stable
Fund-based - LT-Cash Credit	NA	-	-	-	359.00	CARE A; Stable
Non-fund-based - LT/ ST-Bank Guarantee	NA	-	-	-	20.00	CARE A; Stable / CARE A2+
Non-fund-based - LT/ ST-Bank Guarantee	NA	-	-	-	1652.00	CARE A; Stable / CARE A2+
Non-fund-based - ST-Bank Guarantee	NA	-	-	-	20.00	CARE A2+

NA: Not applicable

CareEdge RATINGS

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	15.00	CARE A; Stable	-	1)CARE A; Stable (11-Dec-24) 2)CARE A2+ (08-Oct-24)	1)CARE A2 (29-Aug-23)	1)CARE A2 (22-Jul-22)
2	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	1652.00	CARE A; Stable / CARE A2+	-	1)CARE A; Stable / CARE A2+ (11-Dec-24) 2)CARE A; Stable / CARE A2+ (08-Oct-24)	1)CARE A-; Stable / CARE A2 (29-Aug-23)	1)CARE A-; Stable / CARE A2 (22-Jul-22)
3	Fund-based - LT-Cash Credit	LT	359.00	CARE A; Stable	-	1)CARE A; Stable (11-Dec-24) 2)CARE A; Stable (08-Oct-24)	1)CARE A-; Stable (29-Aug-23)	1)CARE A-; Stable (22-Jul-22)
4	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	20.00	CARE A; Stable / CARE A2+	-	1)CARE A; Stable / CARE A2+ (11-Dec-24) 2)CARE A; Stable / CARE A2+ (08-Oct-24)	1)CARE A-; Stable / CARE A2 (29-Aug-23)	1)CARE A-; Stable / CARE A2 (22-Jul-22)
5	Non-fund-based - ST-Bank Guarantee	ST	20.00	CARE A2+	-	1)CARE A2+ (11-Dec-24) 2)CARE A2+	1)CARE A2 (29-Aug-23)	1)CARE A2 (22-Jul-22)

						(08-Oct-24)		

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Doms Delicious Private Limited	Full	Financial and management linkage
2	LCC Minechem Private Limited	Full	Financial and management linkage
3	LCC Engineering Private Limited	Full	Financial and management linkage
4	LCC Sai KSIPLJV	Proportionate	Financial and management linkage
5	LCC MCL JV	Proportionate	Financial and management linkage
6	LCC VKMCPL JV	Proportionate	Financial and management linkage
7	UTIPL-LCC (JV)	Proportionate	Financial and management linkage

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: +91-44-2850 1001 E-mail: pradeep.kumar@careedge.in	Puja Jalan Director **CARE Ratings Limited** Phone: +91-40-4002 0131 E-mail: puja.jalan@careedge.in Utkarsh Yadav Assistant Director **CARE Ratings Limited** Phone: +91 - 22 - 6837 4413 E-mail: utkarsh.yadav@careedge.in Roosevelt Dsouza Analyst **CARE Ratings Limited** E-mail: Roosevelt.Dsouza@careedge.in

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